

Testimony of Senator Jeff Plale

Senate Bill 242

Senate Committee on Small Business, Emergency Preparedness, Technical Colleges, and Consumer Protection

September 2, 2009

Let me begin by saying that my testimony today is on behalf of both myself and the bill's co-author, Senator Pat Kreitlow. Unfortunately, Pat is unable to be here today, but he asked me to pass along his regrets and his appreciation to the Committee for holding a hearing on this bill.

Thank you for the opportunity to testify before you today on Senate Bill 242 relating to creating separate regulatory requirements for future service contracts. The original law regulating buyers clubs was enacted in 1975 and has not been updated since. Current law precludes some innovative and well-established buyers clubs from locating in Wisconsin. This bill would update Wisconsin's Future Service Plan laws to be more accommodating to buyers clubs while maintaining strong consumer protections to buyers club members in our state.

An update to current Wisconsin law would provide many benefits to the State of Wisconsin and its residents. These benefits include the following:

- Wisconsin consumers will now have more options in purchasing decisions, with an opportunity to realize a significant savings on those purchases.
- The 1,600 Wisconsin residents who currently have memberships in buyers clubs located across our state's borders could now more conveniently shop Wisconsin store locations that are subject to Wisconsin regulations.
- Buyers clubs who currently aren't doing business in Wisconsin would now be able to locate in Wisconsin, which brings new jobs and additional tax revenue for state and local governments.
- Wisconsin-based businesses who already supply products to buyers clubs that are currently precluded from locating within the state should experience increased sales activity. One such employer is located in Senator Kreitlow's district.

It is important to stress that this legislation was drafted with the intent of maintaining Wisconsin's strong history of consumer protection. The Department of Agriculture, Trade & Consumer Protection (DATCP) was involved in discussions related to the bill's language. Furthermore, ***DATCP has previously indicated that it believes the bill adequately protects Wisconsin consumers.***

In general, the bill largely maintains Wisconsin's existing laws regulating buyers clubs. The update creates a new alternative compliance approach for a buyers club who agrees to all of the following provisions:

- It must provide a \$250,000 bond to DATCP.
- It must provide for a written membership contract of no more than 3 years in length.

- It must provide a written contract that allows a member to cancel the membership contract with a full refund due if the cancellation occurs within 3 days of contract signature. This right cannot be buried in the contract but must be clearly noted on a separate page with mandated statutory language.
- It must provide a contract on the goods purchased that specifies a delivery date and place of delivery. Failure to meet the delivery date grants the customer the right to cancel with full refund of the costs for the goods.
- It must provide a written agreement for the customer's renewal of membership.

Senator Kreitlow and I respectfully request your support for this much needed modernization of Wisconsin's buyers club laws. This proposal both protects Wisconsin consumers and it affords responsible and reputable buyers clubs the ability to construct locations and to conduct business in Wisconsin.

Thank you.